

Message Text

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ACTION EB-11

INFO OCT-01 ISO-00 IO-13 AF-10 ARA-16 EA-11 EUR-25 NEA-10

RSC-01 OIC-04 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-03 AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00

USIA-15 PRS-01 OMB-01 DRC-01 /234 W

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R 101045Z SEP 73

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 9994

INFO AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L COLOMBO 2261

E.O. 11652: GDS

TAGS: ETRD, GATT, CE

SUBJ: SRI LANKA DELEGATION/PUBLIC POLICY POSITION FOR GATT
TOKYO MINISTERIAL MEETING

REF: A) STATE 159293 AND B) STATE 173188

1. MINISTRY OF FOREIGN AND INTERNAL TRADE (MFIT) ANNOUNCED
SEPT 6 GSL DELEGATION TO TOKYO MEETING AND ISSUED
"NOTE" CONCERNING SRI LANKA'S APPROACH TO TRADE NEGOTIATIONS.

2. DELEGATION WILL BE AS FOLLOWS:

MR T. B. ILANGARATNE (IH LANG GAH ROT NAH), MINISTER
OF FOREIGN AND INTERNAL TRADE. ILANGARATNE IS A LEADING
MARXIST MEMBER OF BANDARANAIKE CABINET ALTHOUGH
HE IS MEMBER OF PRIME MINISTERS NON-MARXIST SRI
LANKA FREEDOM PARTY. IN CONTEXT SRI LANKA'S
CONTINUING FINANCIAL STRAITS AND CURRENT IMPASSE
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WITH IMF OVER STANDBY, ILANGARATNE REPORTEDLY IS

URGING EXTREME MEASURES, POSSIBLY INCLUDING SOME SPECIES OF WITHDRAWAL OR SEPARATION FROM IBRD AND/OR IMF. IT IS LIKELY THAT HIS PERSONAL APPROACH TO WORLD TRADE NEGOTIATIONS WILL BE THAT LDC'S, ABUSED IN PAST BY CAPITALIST/COLONIALIST POWERS AND NOW INCREASINGLY DISADVANTAGED BY DETERIORATING TERMS OF TRADE, MUST BE COMPENSATED BY CONCESSIONAL TRADE TREATMENT FROM INDUSTRIAL STATES.

DR J.B. KELEGAMA, SECRETARY, MFIT
L.S. MARIADASON, GSL REPRESENTATIVE TO GATT
P. NAGARATNAM, DEPUTY DIRECTOR OF COMMERCE

L.L. D.T. SATHARASINGHE, ILANGARATNE'S PRIVATE SECRETARY
D.M. JAYASEKERA, COMMERCIAL SECRETARY, GSL EMBASSY TOKYO.

3. MAIN POINTS OF MFIT

"NOTE" ARE: A) CALL FOR INTERNATIONAL TRADE NEGOTIATIONS WAS INITIATED BY "DEVELOPED MARKET ECONOMY COUNTRIES" TO RESOLVE THEIR OWN TRADE PROBLEMS. THIS WAS FOLLOWED BY DECISION TO BROADEN NEGOTIATIONS UNDER GATT AUSPICES TO INCLUDE DEVELOPING COUNTRIES. B) IN FORTHCOMING TRADE NEGOTIATIONS DEVELOPING COUNTRY INTERESTS "MUST BE CAREFULLY WATCHED LEST TERMS OF TRADE, ALREADY SO HEAVILY WEIGHTED AGAINST THEM, WORSEN". C) DEVELOPING COUNTRIES SHOULD AIM IN NEGOTIATIONS "AT GETTING FURTHER CONCESSIONS FOR ENTRY AND ACCESS OF THEIR EXPORTS TO MARKETS OF DEVELOPED COUNTRIES".

4. FOR INFORMATION USDEL, GSL CURRENTLY IN PERIOD OF INTENSE PUBLIC AND PRIVATE CONCERN OVER (A) DETERIORATING FINANCIAL SITUATION WHICH IN RECENT WEEKS VARIOUS GSL MINISTERS HAVE DESCRIBED IN TERMS OF "GRAVE CRISIS" AND (B) CLOSELY RELATED AND POLITICALLY CHARGED NATIONAL FOOD SHORTAGES WHICH GSL RIGHTLY SEES AS EXACERBATED BY SRI LANKA'S DECLINING TRADE POSITION. GSL HAS PROBABLY NOT FORMULATED ANY CLEAR, DETAILED APPROACH TO TOKYO MEETINGS OR SUBSEQUENT NEGOTIATIONS, AND CONFIDENTIAL

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MFIT "NOTE" IS BEST GUIDANCE ON GSL POSITION AVAILABLE SO FAR.

5. WE BELIEVE IT UNLIKELY GSL WILL RAISE BILATERAL ISSUES WITH USDEL IN TOKYO. USDEL SHOULD, HOWEVER, BE AWARE THAT ILANGARATNE WROTE LETTER TO AMBASSADOR FORMALLY REQUESTING CONSIDERATION FOR LIST OF CEYLONSE PRODUCTS (INCLUDING TEXTILES AND SHOES) UNDER TRADE REFORM ACT OF 1973. FOLLOWING RECEIPT WASHINGTON GUIDANCE, AMBASSADOR HAS REPLIED DESCRIB-

ING STATUS OF LEGISLATION BEFORE CONGRESS, OUTLINING LENGTHY
PROCEDURE FOR DESIGNATION PRODUCTS FOR PREFERENTIAL TARIFF
TREATMENT FOLLOWING ENACTMENT, AND POINTOUT OUT THAT IMPORT-
SENSITIVE ARTICLES SUCH AS TEXTILES AND FOOTWEAR ARE EXCLUDED
UNDER DRAFT ACT. GSL DOUBTLESS HAD HOPED FOR MORE POSITIVE
RESPONSE.

VAN HOLLEN

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NNN

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30 JUN 2005

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